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chapter to this interesting subject. One important cause of the failure of reform movements in the past is found in their lack, usually, of appreciation of the fact that municipal ills are organic matters and cannot be cured by a mere change in the governmental personnel. Charter reform movements are therefore the most valuable. It is interesting to note, however, that the author himself believes that enlightened public opinion, sound traditions of city administration, and the putting of men of adequate moral fiber into office will accomplish more than change of organization.

These two books taken together furnish us with the most complete and up-to-date treatment of city government we have. Professor Munro's work is better suited to the student of government, its copious reading references and footnotes making it especially valuable in this respect, while Professor Beard's book, though important for the student, is more fitted both in matter and in style for the general reader. One must regret that Professor Munro has relied too confidently on Hatton's *Digest of City Charters*. Admirable as all concede this work to be, it is now seven years old, and seven years is a long time in this period of rapid development in all matters of government, especially of city government. Furthermore, we are still in need of one volume which combines in unified and connected treatment everything handled by these two. Nevertheless he would be indeed a captious critic and an ungrateful reader who would pick flaws in such much needed and such adequate and admirable studies in this most important and difficult field of American politics and administration.

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*Railroads: Rates and Regulation.* By W. Z. RIPLEY. New York: Longmans, Green & Co., 1912. 8vo. pp. xviii+659. \$3.00 net.

Professor Ripley's book satisfies a real need and takes a unique, as well as an important, place in American economic literature. It is the first comprehensive and thoroughgoing analysis of the rate-making forces as actually operative in the United States, and as such its publication is a red-letter event in the history of transportation literature. The book is written from the standpoint of social welfare, and its author accepts without question the desirability of strong federal regulation of railway rates and service. Moreover, it gives a strong impression in favor of

administrative as opposed to judicial control. So generally, however, are these points now accepted by economists that few if any will look upon them as evidencing any taint of bias.

The 646 pages of text are distributed about equally among three general topics: approximately one-third concerns classification and rates; another third deals with traffic problems and discrimination; another centers around the Interstate Commerce Law and its interpretation. The author states that the reform of classification practice is the greatest need in the transportation field today, and that this reform must come through the federal government. He evidently considers the report of the Railway Securities Commission to have been a little overconservative, and criticizes adversely their statements that little relation exists between capitalization and rates, that it would be well to do away with par values, and that railways need encouragement through less rigid anti-stockwatering laws. In dealing with the waterways problem he very properly maintains that when the first cost of waterways is considered, transportation will generally be found cheaper by rail than by water. Of the work of the Commerce Court (as well as of the courts in general), the author is fairly critical, though we may infer it to be his judgment that with powers as now restricted such a court may do good work by facilitating judicial interpretation. The merits and services of the Interstate Commerce Commission are brought out forcefully and set in a bright light.

Important and admirable in many respects as it is, Professor Ripley's book falls considerably short of being a perfect piece of work. The very strength and magnitude of the work as a whole make its shortcomings the more regrettable. One can but exclaim, "What an opportunity for a masterpiece!" There is a lack of emphasis and order which will detract from the effectiveness of the book. The author states that "it may be alleged that in places so thick are the circumstantial trees of evidence that one can scarcely perceive the wood of principle." Concerning considerable parts of the work this needs no "alleging," for it is an obvious fact; and if, as the author states, it is an almost indispensable result of his inductive mode of work that there should be such a plentitude of reference and example, one must regret that this method was so extensively used. Moreover, the arrangement is not always good. In spite of the author's predilection for induction, the theory of rates is introduced immediately after a short introductory chapter on history; the chapter on classification follows and is widely separated from the chap-

ters on rates; the bulk of chap. xii ("Movement of Rates since 1870") might as well have been made chap. ii or chap. xx; several of the chapters have little internal unity (e.g., v, xii, xviii, xx).

It is perhaps a shortcoming of the work that practically nothing is written concerning the passenger, mail, and express branches of railway business; the title should have been "Railroads: *Freight* Rates and Regulation."

Another important defect is the large number of inaccuracies of fact which occur in Professor Ripley's pages. In the first chapter one gets a decided shock, or series of shocks. For example: The Baltimore and Ohio was chartered in 1827 (not 1821); Peter Cooper's "Tom Thumb" did not make its trial run out of Philadelphia; the Erie was carried to the Lakes at Dunkirk, *N.Y.*; the South Carolina Railroad was not operated between 1828 and 1833 (construction began in 1829); the free railway iron law was not repealed in 1843, but in 1841 (to go into effect in 1843); from 1832 to 1843 inclusive is not 11 years, and during those years nearly \$6,000,000 were refunded (not "nearly \$5,000,000"); brisk recovery set in after 1864 (not 1865); 7,379 miles of line were built in 1871 (not 1872); 11,569 miles were built in 1882 (not 1883); the act of 1864 gave the Union Pacific 20 alternate sections (not 10). Also the report of the Commissioner of Corporations on the Petroleum Industry was made in 1907, (not 1906); the Elkins act did not practically eliminate personal discrimination (p. 215); etc. And is it true (p. 488) that since 1900 there has been a more accentuated and irresistible rise in the charges for transportation than in the prices of commodities?

Another class of errors which occur in considerable numbers is illustrated by the following cases: On p. 7, the reader is given to understand that the rise in prices between 1826 and 1835 was due to the opening of canals, nothing being said about inflation. On p. 176 we are told that "to a manufacturer an increase of freight rates, instead of curtailing output, may lead to attempts to lessen the costs of production per unit by an enlarged output sold at *cut prices*." Now this is a considerable, though not *impossible* feat—to reduce prices while at the same time paying a higher freight rate—but one is filled with wonder to learn in the next sentence that the cutting of the price occurs "without any gain to the consumer." Again, Professor Ripley states that nothing is more certain than that "no direct causal relation between freight rates and the intrinsic [?] value of commodities is traceable" (p. 180). This statement may be true, but in the absence of further explanation it is hard to reconcile it with statements found on pp. 183 and 317 to the effect that

the value of commodities does make a controlling factor in rates in certain cases.

The relation between classification and rates does not seem to be clearly and convincingly handled. Thus it is stated that freight "tariffs" (rates) and "classifications" are as distinct and independent in source as they are in nature (p. 303). The author's own discussion, however, shows the impossibility of reasoning on this basis (e.g., p. 319); and his argument that rates and classifications differ in that, while rates are made by individual lines, classifications are made by *groups* of lines, is plainly superficial in view of the fact that single lines used to have individual classification, and now file whatever exceptions to the group classifications they please (p. 304).

Nor is the author's discussion of increasing returns impervious. On p. 86 he states that "the most important single factor in the production of increasing returns upon a railroad is the density of traffic; that is to say, the amount of business which can be conducted with a given set of rails, terminals, and rolling stock." Now, although "density" is hardly a *single* factor—and certainly is not the traffic which *can* be handled—this statement might pass unchallenged; but when one reads on p. 99 that this same law of increasing returns "originates primarily in the fiscal conditions" and that from this fact rather than from economies in large-scale production the law is to be affirmed of railways, one is confused.

Though Professor Ripley sometimes slips into the circle which is completed when one forgets that "value of service" is what the rate is supposed to express (thus confusing objective "value" with "utility to shipper"), his treatment of the two rival theories of rates, cost and utility theories, is admirable. The reviewer would merely observe that the reader has to turn to the second chapter on rate-making *in practice* to find this treatment of theory; and that, in view of the progress that has been made by railways statisticians and state commissions, Professor Ripley is perhaps a trifle dogmatic in concluding that "no logical distinction of expense even as between passenger and freight traffic is possible" (p. 70).

The foregoing are not the only imperfections. The reviewer's point is that they are representative. In short, one soon reaches the conclusion that the author has not taken sufficient care to keep his logic consistent and free from looseness. Undoubtedly Professor Ripley has been chiefly concerned with far-reaching traffic problems and broad questions of public policy; but, nevertheless, it is unfortunate that breadth and

reach have been obtained at the expense—in the details—of so much inaccuracy, congestion of data, and blurred logic.

The unmixed merits possessed by the book are its concreteness and its wealth of illustrative data “painstakingly gathered through many years from original sources.” The emphasis which is laid upon traffic conditions which lie back of rates, together with the analysis of those conditions, constitutes an important contribution. There is some brilliant analysis of the regulation situation in the United States; and some of the descriptions of the numerous interstate commerce cases which are cited are as interesting as any story. Finally, the social point of view is maintained throughout, a fact which makes for consistency in essentials, breadth, and permanence of value.

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*Report of the Board of Arbitration in the Matter of the Controversy between the Eastern Railroads and the Brotherhood of Locomotive Engineers.* Report Submitted November 2, 1912. Washington: Published under the Direction of the Secretary of the Board. Large 8vo, pp. iv+123.

Under our present capitalistic system struggle between the factors in production for their share of the product is a common phenomenon. The results of these struggles have ordinarily been determined not by rules of justice but by a test of strength. Capital, through legal arrangements which have made possible our large combinations, interlocking directorates, etc., has until recently wielded the strong hand. Only within the past few years has labor, through its unions and concerted action, emerged from its passive state of submission. Another party to the struggle often overlooked is the consuming public. Especially important are the interests of this third party in the operations of public service corporations. The measure in which the public is affected is determined by the intensity of the struggle; and the intensity of the struggle, in turn, rests upon the relative strength of the opponents.

The great strength of these contestants, the magnitude of the problem, the gravity of the situation and the predicament of the consuming public, and the inadequacy of the Erdman act will be quite obvious to the reader who turns the pages of this report of the Board of Arbitration. The report covers in all 123 pages, including statistical tables and charts showing the rates of pay of railway employees in